

# CAHS

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**Testimony before the Appropriations Committee**  
**Submitted by Sherry Linton**  
**Governor's Budget Proposal – Department of Social Services**  
**Care 4 Kids Child Care Assistance Program**

Connecticut Association for Human Services (CAHS) would like to thank Sen. Harp, Representative Geragosian, and members of the Appropriations Committee for the opportunity to submit testimony in response to the Governor's Budget, specifically to address the Child Care Assistance Program, Care 4 Kids, in the Department of Social Services budget. CAHS is dedicated to ending poverty and engaging, equipping, and empowering all families in Connecticut to build a secure future. The Child Care Assistance Program is vital to families' access to quality and affordable child care, ability to work and overall earnings outcomes. In these economic times, increased investment in the Program is imperative in order to have individuals be more job-ready and to keep them working.

**How does the Governor's Budget impact the Care 4 Kids Program?**

- *CAHS acknowledges that the Governor's Budget holds the funds steady for the current services of Care4Kids in FY 2009 through FY 2010.*
- *Of concern is the reduction in the funds recommended in FY 2010 through FY2011. If the assumption guiding the reduction is that in the upcoming years with the increase in unemployment there would be a need for less child care assistance, that assumption is wrong. As families experience temporary interruptions in employment, more than ever they will be in need of reliable child care to ensure the opportunity to focus on regaining employment. Currently the Child Care Assistance regulations allow for strict time limitation on eligibility for child care assistance when employment is interrupted. Currently families are allowed a maximum of eight weeks of eligibility for child care assistance with employment interruption.*
- *CAHS strongly supports HB-5426, An Act Concerning Child Care Subsidies for the Unemployed under the Care 4 Kids Program, which would align child care assistance eligibility with the unemployment eligibility of 26 weeks.*
- *The reduction of funds to the Care 4 Kids Program also implies the possibility that the Program may be slated for closure to new applicants. We must reiterate that now more than ever, families need access to reliable and affordable quality child care in order to secure and keep employment.*
- *Closing the Care 4 Kids Program to new applicants would mean that only families receiving cash assistance, transitioning off of assistance, in high school, or in a DSS approved training program, would be eligible. Families, who would otherwise meet the income eligibility criteria, would not be able to receive the needed assistance. With families spending upwards of 30% of their income on child care, we need to keep the Care 4 Kids Program open to enable families to work.*

## **What could the American Recovery and Reinvestment Act on Child Care Development Block Grant Funding to Connecticut mean for the Care 4 Kids Program?**

It is anticipated that Connecticut will receive \$13,685,624 in Child Care Development Block Grant (CCDBG) funding, without any expectation for state matching of dollars. It will be at the discretion of the legislature how these funds are allocated. It is vital to Connecticut families that these funds are maximized for use beyond supplanting existing deficits. It is well overdue for the state to increase investment in the Care 4 Kids Program. The following plans for the Child Care Assistance Program have been raised over the years, yet left unaddressed. With the impending funds from CCDBG primarily for services and subsidies, CAHS implores you to revisit the following investments in the Child Care Assistance Program.

### **Low-income families attempting to gain higher education should be eligible for child care assistance.**

- *Higher education is directly linked to improved earnings outcomes and reduction of dependence on public assistance. Consequently, higher education is a route to long term self-sufficiency. Nearly two out of three, (63%), of the 18.9 million jobs that will be created between 2004 and 2014 are projected to be filled by individuals with at least a bachelor's degree. 90% of the fastest growing jobs in the United States require some level of secondary education or training. (1)*
- *According to the American Economic Review, earnings increase 6-16% annually for every year of education and 4-7% in hourly wages with additional years of college. As the State is well into its timeline of reducing child poverty by 2014, it is vital that we increase families' access to the tools necessary for greater earning power. (2)*

### **Families earning up to 85% of the state median income should be eligible for child care assistance.**

- *With the current regulations allowing only those earning less than 50% of the state median income access to child care assistance, too many families are left with only the alternative of unemployment.*
- *More families need to be able to access child care assistance in order to get more families working.*

### **In accordance with federal recommendations, the state should update market rate surveys to ensure that the data is purposeful in setting reimbursement rates, as intended by the federal mandate.**

- *Connecticut has continued to reimburse Care 4 Kids providers using the market rates established from 2001, under the guise that the 60<sup>th</sup> percentile is sufficient to provide equal access to care. The use of the outdated market rates have been justified by the rationale that increased utilization of care directly correlates with equal access, when in fact increased utilization is an outcome of increased demand for families to be working.*
- *Second, I would like to stress the overdue positive impact that raising the reimbursement rates will have on increasing access of working families to quality care. With the rising costs of living, providers have been consistently forced to absorb the expenses of providing services to an extent that have been jeopardizing their existence. Low reimbursements place adverse pressures on child care providers. The financial burdens are often shifted to the employees of these agencies in the form of increased cost of benefits, decreasing number of children serviced, etc. The increased rates will assist providers to adequately provide child care services and more readily accept those that need their services.*

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1. Center for Women Policy Studies, citing US Department of Commerce, the Census Bureau. (2001) Years of school completed by people 25 years old and over, by age, household relationship and poverty status: 2000. Current Population Survey, March Supplement, <http://www.census.gov/hhes>.
2. Center for Women Policy Studies, citing the US Department of Labor, Bureau of Labor Statistics. (2002). Median usual weekly earnings of full-time salaried workers 25 years and over by sex, race, Hispanic origin, and educational attainment, annual averages 1979-2001. Current Population Survey.